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No. 0543/75
March 25, 1975

MEMORANDUM

SUBJECT: Prospects for Change in Peru's Leadership

Recent events, including the violence in Lima on February 5 and President Velasco's stroke on February 28, are creating an atmosphere of uncertainty and restlessness within the Peruvian military.

there apparently is concern at the cabinet level that important government programs are receiving insufficient attention. In this environment, we are likely to see increased pressure for Velasco to begin transferring his presidential duties to a successor. There are also likely to be new government initiatives designed to build civilian support for the regime. We do not expect any decisive resolutions of these problems very soon, but the uncertainties surrounding the President's health, coupled with his apparent unwillingness to leave office and continued disagreements over government reforms, will cause serious tensions over the next several months.

Velasco's Position

Velasco reportedly is resuming his duties, but if he is incapacitated again, even for a short time, we expect military leaders to demand that he step down and be succeeded by another army officer, most likely Prime Minister Morales Bermudez. If Velasco remains in office but is

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unable to continue his decisive leadership, pressure for a change is likely to become acute, possibly irresistible. In any event, Velasco's reported desire to die in office rather than step down is likely to increase the sense of unrest in the officer corps, where a premium is placed on firm leadership and certainty of command. Many officers already might prefer to see Velasco step down gracefully rather than have the country continue under an ailing president.

Velasco has been the country's only president since the armed forces overthrew the previous civilian government in October 1968. During these years, he has been a strong leader and has set the tone for all major foreign and domestic policies. He has avoided designating a successor, however, or establishing precise guidelines for choosing one.* This reflects Velasco's feeling that he personally must lead the revolution, and probably a concern that any officer who had sufficient military backing would not carry through radical domestic programs with the same zeal he has exhibited.

**The Revolutionary Statute states only that a military officer will be appointed president by unanimous vote of the Revolutionary Junta, which is composed of the three heads of the armed services. The President is not a member of the Junta, which, on paper, is the highest decision-making entity in the government.*

Although there are important pressures on military leaders to come to grips with the succession issue, many generals still seem to be holding back. This reflects an understandable desire to postpone consideration of a successor president while the incumbent remains in office and probably still commands widespread respect, if not active support. In addition, President Velasco's oft-demonstrated ability to parlay intraservice disagreements into political advantage has worked to prevent a serious move to displace him or designate a successor.

Despite these factors, it is likely that there will be continuous pressure against Velasco's remaining in power. The President can be expected to resist and some of the more radical officers and his long-time associates will probably support him. Velasco simply does not appear in as strong a position as in the past, however, not only because of his medical problems, but because many officers may blame him for much of the increasingly vocal civilian dissent that culminated in the riots on February 5. In the past year, for instance, Velasco has undertaken a number of activities that have sparked civilian dissent and disapproval by other officers. These include the takeover of all national newspapers last summer, the closure of two popular weeklies, the outlawing of a major civilian party, the forced resignation of a navy minister and a number of subordinate admirals, and the start of a sweeping socio-economic reform program that has alarmed the middle class. Then, in February, the government's overreaction to a police strike caused widespread violent demonstrations in Lima for the first time since the military took power.

Morales Bermudez

During this period, Prime Minister Morales Bermudez has emerged as the strongest candidate to succeed Velasco, for the following reasons:

- He has a reputation for competence and integrity.
- His relatively moderate political views appeal to many other officers in all three services.
- He apparently has not been involved in petty plotting during his tenure as a top government-military figure.

--He is the most likely choice to allay the military's concern for maintaining its unity and stable leadership.

Morales Bermudez seems to be aware of his strength and for the time being apparently has decided to use his authority to convince Velasco and other ministers that the time has come for the President to begin delegating his duties. At this point, a sudden move to oust Velasco by Morales Bermudez is not likely.

However it occurs, Morales Bermudez' probable elevation to the presidency is not likely to be trouble-free. Velasco apparently doubts that the Prime Minister has sufficient "revolutionary" zeal and may still support a more radical officer such as General Graham Hurtado. Graham is a long-time presidential confidant and head of the influential Presidential Advisory Council, but his support within the army does not appear strong, and his backing in the more conservative navy and air force probably is minimal. There are probably one or two other radical generals who harbor presidential ambitions but none, including Graham, commands the widespread support that Morales Bermudez apparently enjoys. Velasco probably still commands sufficient support and respect among cabinet-level generals that he could delay Morales Bermudez' assumption of presidential duties, but time no longer appears to be on Velasco's side.

As president, Morales Bermudez would probably concentrate on consolidating rather than expanding domestic socio-economic reforms. Foreign policy, on the other hand, would remain essentially the same regardless of which general serves as president. We would expect Lima to follow its strongly nationalistic, Third World oriented policy, that has been tempered by economic realism in dealing with foreign investment and assistance. In large part, this is the result of Morales Bermudez' policies as economy minister, a post in which he served from 1969 to 1973. As President, Morales Bermudez therefore could be expected to emphasize these concerns and might be inclined to use a more cooperative approach in relations with Washington.

During its more than six years in power, the military has been unable to win the active support of the

majority of civilians, despite a sincere belief that it is working in their behalf. This lack of support is based on a number of factors, the greatest being, a general apathy toward national political and economic problems; an inherent distaste for authoritarian military rule; and continued strong allegiance to traditional civilian parties that are allowed no meaningful voice in the government. Adding to this is the military's apparent paternalistic attitude that it knows what is best for the people, who cannot be trusted with the future of the country. Despite the creation of a large number of civilian-staffed bureaucracies, including one to mobilize popular support, the military government remains largely isolated from the civilian population.

In order to build civilian support and to guard against further violent unrest, President Velasco--immediately prior to his recent stroke--reportedly began the formation of a pro-government political organization.* Although the plan envisages a long-range program of citizen education and organization, it probably has high priority as a result of the disorders on February 5. While the President's illness and convalescence may delay implementation of specific aspects of this program, there is probably sufficient support within the government to ensure that it will go ahead.

There already exist, however, serious disagreements over the scope and control of such an organization. For example, while Morales Bermudez is reportedly opposed to extensive military involvement in politics, other cabinet ministers see this as a means of boosting their own prestige and power in the government.

A key element affecting the success of this venture is the relationship between the pro-government organization and traditional political parties. Given the gulf between the military and civilian sectors, we do not expect that any political movement run by the military in competition with other parties--which still command wide followings--will achieve its

**The government has been careful to avoid reference to a pro-government political "party," since military leaders maintain a strong enmity toward traditional political parties, which they feel are largely responsible for Peru's level of socio-economic underdevelopment.*

goal in the foreseeable future. The only party of any national significance that strongly supports the military is the pro-Soviet Communist Party, and there are serious limitations on its ability to drum up support for a government party.

Given Morales Bermudez' current strong position in the government, and especially as he assumes more important leadership responsibilities, we may witness a gradual increase in government-civilian intercourse through the traditional political parties, particularly the American Popular Revolutionary Alliance (APRA). APRA is the country's most popular party and commands strong support among labor and agricultural groups. While it has been anathema to the military since an outburst of violence in the 1930s, the military leadership may be maturing to the point where it will realize that accommodation is necessary to the continuation of its reform programs. This process is more likely to be speeded up under Morales Bermudez than under the command of a more radical general.

Conclusion

In sum, we expect to see increased pressure on Velasco to step down or at least give up some of his responsibilities. Velasco can be expected to resist, but time is against him; if he stays on tensions within the military will increase and gradually erode his position. If Velasco suffers another stroke or other illness that incapacitates him even temporarily, we feel that he will probably not be allowed to resume the presidency.

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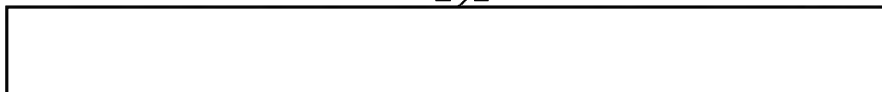
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